

AMENDED IN SENATE AUGUST 31, 2011

AMENDED IN SENATE AUGUST 18, 2011

AMENDED IN SENATE AUGUST 15, 2011

AMENDED IN SENATE JULY 12, 2011

AMENDED IN SENATE JUNE 7, 2011

AMENDED IN SENATE JUNE 6, 2011

AMENDED IN ASSEMBLY MAY 4, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1424

Introduced by Assembly Member Perea

March 22, 2011

An act to amend Sections 31 and 476 of, and to add Section 494.5 to, the Business and Professions Code, to add Section 12419.13 to the Government Code, to add Section 10295.4 to the Public Contract Code, to amend Sections 7063, 19195, and 19533 of, to add Sections 6835, 7057, 7057.5, 19377.5, 19571, and 19572 to, to add Article 9 (commencing with Section 6850) to Chapter 6 of Part 1 of Division 2 of, and to add Article 7 (commencing with Section 19291) to Chapter 5 of Part 10.2 of Division 2 of, the Revenue and Taxation Code, and to add Section 34623.1 to the Vehicle Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1424, as amended, Perea. Franchise Tax Board: delinquent tax debt.

The Personal Income Tax Law and the Corporation Tax Law impose taxes on, or measured by, income. Existing law requires the Franchise Tax Board to make available as a matter of public record each calendar year a list of the 250 largest tax delinquencies in excess of \$100,000, and requires the list to include specified information with respect to each delinquency. Existing law requires every board, as defined, and the Department of Insurance, upon request of the Franchise Tax Board, to furnish to the Franchise Tax Board certain information with respect to every licensee.

This bill would require the State Board of Equalization, quarterly, and the Franchise Tax Board, at least twice each calendar year, to make available a list of the 500 largest tax delinquencies described above. This bill would require the Franchise Tax Board to include additional information on the list with respect to each delinquency, including the type, status, and licence number of any occupational or professional license held by the person or persons liable for payment of the tax and the names and titles of the principal officers of the person liable for payment of the tax if that person is a limited liability company or corporation. This bill would require a person whose delinquency appeared on either list and whose name has been removed, as provided, to comply with the terms of the arranged resolution, and would authorize the State Board of Equalization and the Franchise Tax Board, if the person fails to comply with the terms of the arranged resolution, to add the person's name to the list without providing prior written notice, as provided.

This bill would require a state governmental licensing entity, other than the Department of Motor Vehicles, that issues professional or occupational licenses, certificates, registrations, or permits, to suspend, revoke, and refuse to issue a license if the licensee's name is included on either list of the 500 largest tax delinquencies described above. This bill would not include the Contractors' State License Board in the definition of "state governmental licensing entity." This bill would also require those licensing entities to collect the social security number or federal taxpayer identification number of each individual applicant of that entity for the purpose of matching those applicants to the names on the lists of the 500 largest tax delinquencies, and would require each application for a new license or renewal of a license to indicate on the application that the law allows the State Board of Equalization and the Franchise Tax Board to share taxpayer information with a board and requires the licensee to pay his or her state tax obligation and that his

or her license may be suspended if the state tax obligation is not paid. This bill would also authorize the State Board of Equalization and the Franchise Tax Board to disclose to state governmental licensing entities identifying information of persons on the list of 500 largest tax delinquencies, as specified. This bill would authorize a motor carrier permit of a licensee whose name is on certified list of tax delinquencies to be suspended, as provided. The bill would require the State Board of Equalization and the Franchise Tax Board to meet certain requirements and would make related changes.

The bill would provide that the release or other use of information received by a state governmental licensing entity pursuant to these provisions, except as authorized, is punishable as a misdemeanor. By creating a new crime, the bill would impose a state-mandated local program.

This bill would also prohibit a state agency from entering into any contract for the acquisition of goods or services with a contractor whose name appears on either list of the 500 largest tax delinquencies described above.

Existing law authorizes the Franchise Tax Board to collect specified amounts for the Department of Industrial Relations and specified amounts imposed by a court pursuant to specified procedures.

This bill would authorize the State Board of Equalization and the Franchise Tax Board to enter into an agreement to collect any delinquent tax debt due to the Internal Revenue Service or any other state imposing an income tax, or a tax measured by income, or a sales or use tax, or a similar tax, pursuant to specified procedures, provided that the Internal Revenue Service or that state has entered into an agreement to collect delinquent tax debts due to the State Board of Equalization or the Franchise Tax Board, and the agreements do not cause the net displacement of civil service employees, as specified. This bill would require the Controller, upon execution of a reciprocal agreement between the State Board of Equalization, the Franchise Tax Board, and any other state imposing a sales and use tax, a tax similar to a sales and use tax, an income tax, or tax measured by income, to offset any delinquent tax debt due to that other state from a person or entity, against any refund under the Sales and Use Tax Law, the Personal Income Tax Law, or the Corporation Tax Law owed to that person or entity, as provided.

Existing law requires, in the event that the debtor has more than one debt being collected by the Franchise Tax Board and the amount

collected is insufficient to satisfy the total amount owed, the amount collected to be applied to specified priorities.

This bill would include specified tax delinquencies collected pursuant to this bill.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 31 of the Business and Professions Code
2 is amended to read:

3 31. (a) As used in this section, “board” means any entity listed
4 in Section 101, the entities referred to in Sections 1000 and 3600,
5 the State Bar, the Department of Real Estate, and any other state
6 agency that issues a license, certificate, or registration authorizing
7 a person to engage in a business or profession.

8 (b) Each applicant for the issuance or renewal of a license,
9 certificate, registration, or other means to engage in a business or
10 profession regulated by a board who is not in compliance with a
11 judgment or order for support shall be subject to Section 17520 of
12 the Family Code.

13 (c) “Compliance with a judgment or order for support” has the
14 meaning given in paragraph (4) of subdivision (a) of Section 17520
15 of the Family Code.

16 (d) Each licensee whose name appears on a list of the 500 largest
17 tax delinquencies pursuant to Section 7063 or 19195 of the
18 Revenue and Taxation Code shall be subject to Section 494.5.

19 (e) Each application for a new license or renewal of a license
20 shall indicate on the application that the law allows the State Board
21 of Equalization and the Franchise Tax Board to share taxpayer
22 information with a board and requires the licensee to pay his or
23 her state tax obligation and that his or her license may be suspended
24 if the state tax obligation is not paid.

25 (f) For purposes of this section, “tax obligation” means the tax
26 imposed under, or in accordance with, Part 1 (commencing with

1 Section 6001), Part 1.5 (commencing with Section 7200), Part 1.6
2 (commencing with Section 7251), Part 1.7 (commencing with
3 Section 7285), Part 10 (commencing with Section 17001), and
4 Part 11 (commencing with Section 23001) of Division 2 of the
5 Revenue and Taxation Code.

6 SEC. 2. Section 476 of the Business and Professions Code is
7 amended to read:

8 476. (a) Except as provided in subdivision (b), nothing in this
9 division shall apply to the licensure or registration of persons
10 pursuant to Chapter 4 (commencing with Section 6000) of Division
11 3, or pursuant to Division 9 (commencing with Section 23000) or
12 pursuant to Chapter 5 (commencing with Section 19800) of
13 Division 8.

14 (b) Section 494.5 shall apply to the licensure of persons
15 authorized to practice law pursuant to Chapter 4 (commencing
16 with Section 6000) of Division 3, and the licensure or registration
17 of persons pursuant to Chapter 5 (commencing with Section 19800)
18 of Division 8 or pursuant to Division 9 (commencing with Section
19 23000).

20 SEC. 3. Section 494.5 is added to the Business and Professions
21 Code, to read:

22 494.5. (a) A state governmental licensing entity, other than
23 the Department of Motor Vehicles, shall refuse to issue, reactivate,
24 reinstate, or renew a license and shall suspend a license if a
25 licensee's name is included on a certified list. The Department of
26 Motor Vehicles shall suspend a license if a licensee's name is
27 included on a certified list. Any reference in this section to the
28 issuance, renewal, or denial of a license shall not apply to the
29 Department of Motor Vehicles.

30 (b) For purposes of this section:

31 (1) "Certified list" means either list provided by the State Board
32 of Equalization or the Franchise Tax Board of persons whose
33 names appear on the lists of the 500 largest tax delinquencies
34 pursuant to Section 7063 or 19195 of the Revenue and Taxation
35 Code.

36 (2) "License" includes a certificate, registration, or any other
37 authorization to engage in a profession or occupation issued by a
38 state governmental licensing entity. "License" includes a driver's
39 license issued pursuant to Chapter 1 (commencing with Section
40 12500) of Division 6 of the Vehicle Code. "License" excludes

1 vehicle registration issued pursuant to Division 3 (commencing
2 with Section 4000) of the Vehicle Code.

3 (3) “Licensee” means an individual authorized by a license to
4 drive a motor vehicle or authorized by a license, certificate,
5 registration, or other authorization to engage in a profession or
6 occupation issued by a state governmental licensing entity.

7 (4) “State governmental licensing entity” means any entity listed
8 in Section 101, 1000, or 19420, the office of the Attorney General,
9 the Department of Insurance, the Department of Motor Vehicles,
10 the State Bar of California, the Department of Real Estate, and
11 any other state agency, board, or commission that issues a license,
12 certificate, or registration authorizing an individual to engage in
13 a profession or occupation, including any certificate, business or
14 occupational license, or permit or license issued by the Department
15 of Motor Vehicles or the Department of the California Highway
16 Patrol. “State governmental licensing entity” shall not include the
17 Contractors’ State License Board.

18 (c) The State Board of Equalization and the Franchise Tax Board
19 shall each submit its respective certified list to every state
20 governmental licensing entity. The certified lists shall include the
21 name, social security number or taxpayer identification number,
22 and the last known address of the persons identified on the certified
23 lists.

24 (d) Notwithstanding any other law, each state governmental
25 licensing entity shall collect the social security number or the
26 federal taxpayer identification number from all applicants for the
27 purposes of matching the names of the certified lists provided by
28 the State Board of Equalization and the Franchise Tax Board to
29 applicants and licensees.

30 (e) (1) Each state governmental licensing entity shall determine
31 whether an applicant or licensee is on the most recent certified list
32 provided by the State Board of Equalization and the Franchise Tax
33 Board.

34 (2) If an applicant or licensee is on either of the certified lists,
35 the state governmental licensing entity shall immediately provide
36 a preliminary notice to the applicant or licensee of the entity’s
37 intent to suspend or withhold issuance or renewal of the license.
38 The preliminary notice shall be delivered personally or by mail to
39 the applicant’s or licensee’s last known mailing address on file
40 with the state governmental licensing entity within 30 days of

1 receipt of the certified list. Service by mail shall be completed in
2 accordance with Section 1013 of the Code of Civil Procedure.

3 (A) The state governmental licensing entity shall issue a
4 temporary license valid for a period of 90 days to any applicant
5 whose name is on a certified list if the applicant is otherwise
6 eligible for a license.

7 (B) The 90-day time period for a temporary license shall not be
8 extended. Only one temporary license shall be issued during a
9 regular license term and the term of the temporary license shall
10 coincide with the first 90 days of the regular license term. A license
11 for the full term or the remainder of the license term may be issued
12 or renewed only upon compliance with this section.

13 (C) In the event that a license is suspended or an application for
14 a license or the renewal of a license is denied pursuant to this
15 section, any funds paid by the applicant or licensee shall not be
16 refunded by the state governmental licensing entity.

17 (f) (1) A state governmental licensing entity shall refuse to
18 issue or shall suspend a license pursuant to this section no sooner
19 than 90 days and no later than 120 days of the mailing of the
20 preliminary notice described in paragraph (2) of subdivision (e),
21 unless the state governmental licensing entity has received a release
22 pursuant to subdivision (h). The procedures in the administrative
23 adjudication provisions of the Administrative Procedure Act
24 (Chapter 4.5 (commencing with Section 11400) and Chapter 5
25 (commencing with Section 11500) of Part 1 of Division 3 of Title
26 2 of the Government Code) shall not apply to the denial or
27 suspension of, or refusal to renew, a license or the issuance of a
28 temporary license pursuant to this section.

29 (2) Notwithstanding any other law, if a board, bureau, or
30 commission listed in Section 101, other than the Contractors' State
31 License Board, fails to take action in accordance with this section,
32 the Department of Consumer Affairs shall issue a temporary license
33 or suspend or refuse to issue, reactivate, reinstate, or renew a
34 license, as appropriate.

35 (g) Notices shall be developed by each state governmental
36 licensing entity. For an applicant or licensee on the State Board
37 of Equalization's certified list, the notice shall include the address
38 and telephone number of the State Board of Equalization, and shall
39 emphasize the necessity of obtaining a release from the State Board
40 of Equalization as a condition for the issuance, renewal, or

1 continued valid status of a license or licenses. For an applicant or
2 licensee on the Franchise Tax Board's certified list, the notice shall
3 include the address and telephone number of the Franchise Tax
4 Board, and shall emphasize the necessity of obtaining a release
5 from the Franchise Tax Board as a condition for the issuance,
6 renewal, or continued valid status of a license or licenses.

7 (1) The notice shall inform the applicant that the state
8 governmental licensing entity shall issue a temporary license, as
9 provided in subparagraph (A) of paragraph (2) of subdivision (e),
10 for 90 calendar days if the applicant is otherwise eligible and that
11 upon expiration of that time period, the license will be denied
12 unless the state governmental licensing entity has received a release
13 from the State Board of Equalization or the Franchise Tax Board,
14 whichever is applicable.

15 (2) The notice shall inform the licensee that any license
16 suspended under this section will remain suspended until the state
17 governmental licensing entity receives a release along with
18 applications and fees, if applicable, to reinstate the license.

19 (3) The notice shall also inform the applicant or licensee that if
20 an application is denied or a license is suspended pursuant to this
21 section, any moneys paid by the applicant or licensee shall not be
22 refunded by the state governmental licensing entity. The state
23 governmental licensing entity shall also develop a form that the
24 applicant or licensee shall use to request a release by the State
25 Board of Equalization and the Franchise Tax Board. A copy of
26 this form shall be included with every notice sent pursuant to this
27 subdivision.

28 (h) If the applicant or licensee wishes to challenge the
29 submission of his or her name on a certified list, the applicant or
30 licensee shall make a timely written request for release to the State
31 Board of Equalization or the Franchise Tax Board, whichever is
32 applicable. The State Board of Equalization or the Franchise Tax
33 Board shall immediately send a release to the appropriate state
34 governmental licensing entity and the applicant or licensee, if any
35 of the following conditions are met:

36 (1) The applicant or licensee has complied with the tax
37 obligation, either by payment of the unpaid taxes or entry into an
38 installment payment agreement, as described in Section 6832 or
39 19008 of the Revenue and Taxation Code, to satisfy the unpaid
40 taxes.

1 (2) The applicant or licensee has submitted a request for release
2 not later than 45 days after the applicant's or licensee's receipt of
3 a preliminary notice described in paragraph (2) of subdivision (e),
4 but the State Board of Equalization or the Franchise Tax Board,
5 whichever is applicable, will be unable to complete the release
6 review and send notice of its findings to the applicant or licensee
7 and state governmental licensing entity within 45 days after the
8 State Board of Equalization's or the Franchise Tax Board's receipt
9 of the applicant's or licensee's request for release. Whenever a
10 release is granted under this paragraph, and, notwithstanding that
11 release, the applicable license or licenses have been suspended
12 erroneously, the state governmental licensing entity shall reinstate
13 the applicable licenses with retroactive effect back to the date of
14 the erroneous suspension and that suspension shall not be reflected
15 on any license record.

16 (3) The applicant or licensee is unable to pay the outstanding
17 tax obligation due to a current financial hardship. "Financial
18 hardship" means financial hardship as determined by the State
19 Board of Equalization or the Franchise Tax Board, whichever is
20 applicable, where the applicant or licensee is unable to pay any
21 part of the outstanding liability and the applicant or licensee is
22 unable to qualify for an installment payment arrangement as
23 provided for by Section 6832 or Section 19008 of the Revenue
24 and Taxation Code. In order to establish the existence of a financial
25 hardship, the applicant or licensee shall submit any information,
26 including information related to reasonable business and personal
27 expenses, requested by the State Board of Equalization or the
28 Franchise Tax Board, whichever is applicable, for purposes of
29 making that determination.

30 (i) An applicant or licensee is required to act with diligence in
31 responding to notices from the state governmental licensing entity
32 and the State Board of Equalization or the Franchise Tax Board
33 with the recognition that the temporary license will lapse or the
34 license suspension will go into effect after 90 days and that the
35 State Board of Equalization or the Franchise Tax Board must have
36 time to act within that period. An applicant's or licensee's delay
37 in acting, without good cause, which directly results in the inability
38 of the State Board of Equalization or the Franchise Tax Board,
39 whichever is applicable, to complete a review of the applicant's
40 or licensee's request for release shall not constitute the diligence

1 required under this section which would justify the issuance of a
2 release. An applicant or licensee shall have the burden of
3 establishing that he or she diligently responded to notices from the
4 state governmental licensing entity or the State Board of
5 Equalization or the Franchise Tax Board and that any delay was
6 not without good cause.

7 (j) The State Board of Equalization or the Franchise Tax Board
8 shall create release forms for use pursuant to this section. When
9 the applicant or licensee has complied with the tax obligation,
10 either by payment of the unpaid taxes or entry into an installment
11 payment agreement, the State Board of Equalization or the
12 Franchise Tax Board, whichever is applicable, shall mail a release
13 form to the applicant or licensee and provide a release to the
14 appropriate state governmental licensing entity. Any state
15 governmental licensing entity that has received a release from the
16 State Board of Equalization and the Franchise Tax Board pursuant
17 to this subdivision shall process the release within five business
18 days of its receipt. If the State Board of Equalization or the
19 Franchise Tax Board determines subsequent to the issuance of a
20 release that the licensee has not complied with their installment
21 payment agreement, the State Board of Equalization or the
22 Franchise Tax Board, whichever is applicable, shall notify the state
23 governmental licensing entity and the licensee in a format
24 prescribed by the State Board of Equalization or the Franchise Tax
25 Board, whichever is applicable, that the licensee is not in
26 compliance and the release shall be rescinded. The State Board of
27 Equalization and the Franchise Tax Board may, when it is
28 economically feasible for the state governmental licensing entity
29 to develop an automated process for complying with this
30 subdivision, notify the state governmental licensing entity in a
31 manner prescribed by the State Board of Equalization or the
32 Franchise Tax Board, whichever is applicable, that the licensee
33 has not complied with the installment payment agreement. Upon
34 receipt of this notice, the state governmental licensing entity shall
35 immediately notify the licensee on a form prescribed by the state
36 governmental licensing entity that the licensee's license will be
37 suspended on a specific date, and this date shall be no longer than
38 30 days from the date the form is mailed. The licensee shall be
39 further notified that the license will remain suspended until a new
40 release is issued in accordance with this subdivision.

1 (k) The State Board of Equalization and the Franchise Tax Board
2 may enter into interagency agreements with the state governmental
3 licensing entities necessary to implement this section.

4 (l) Notwithstanding any other law, a state governmental
5 licensing entity, with the approval of the appropriate department
6 director or governing body, may impose a fee on a licensee whose
7 license has been suspended pursuant to this section. The fee shall
8 not exceed the amount necessary for the state governmental
9 licensing entity to cover its costs in carrying out the provisions of
10 this section. Fees imposed pursuant to this section shall be
11 deposited in the fund in which other fees imposed by the state
12 governmental licensing entity are deposited and shall be available
13 to that entity upon appropriation in the annual Budget Act.

14 (m) The process described in subdivision (h) shall constitute
15 the sole administrative remedy for contesting the issuance of a
16 temporary license or the denial or suspension of a license under
17 this section.

18 (n) Any state governmental licensing entity receiving an inquiry
19 as to the licensed status of an applicant or licensee who has had a
20 license denied or suspended under this section or who has been
21 granted a temporary license under this section shall respond ~~only~~
22 that the license was denied or suspended or the temporary license
23 was issued ~~pursuant to this section only because the licensee~~
24 *appeared on a list of the 500 largest tax delinquencies pursuant*
25 *to Section 7063 or 19195 of the Revenue and Taxation Code.*
26 Information collected pursuant to this section by any state agency,
27 board, or department shall be subject to the Information Practices
28 Act of 1977 (Chapter 1 (commencing with Section 1798) of Title
29 1.8 of Part 4 of Division 3 of the Civil Code). *Any state*
30 *governmental licensing entity that discloses on its Internet Web*
31 *site or other publication that the licensee has had a license denied*
32 *or suspended under this section or has been granted a temporary*
33 *license under this section shall prominently disclose, in bold and*
34 *adjacent to the information regarding the status of the license,*
35 *that the only reason the license was denied, suspended, or*
36 *temporarily issued is because the licensee failed to pay taxes.*

37 (o) Any rules and regulations issued pursuant to this section by
38 any state agency, board, or department may be adopted as
39 emergency regulations in accordance with the rulemaking
40 provisions of the Administrative Procedure Act (Chapter 3.5

1 (commencing with Section 11340) of Part 1 of Division 3 of Title
2 2 of the Government Code). The adoption of these regulations
3 shall be deemed an emergency and necessary for the immediate
4 preservation of the public peace, health, and safety, or general
5 welfare. The regulations shall become effective immediately upon
6 filing with the Secretary of State.

7 (p) The State Board of Equalization, the Franchise Tax Board,
8 and state governmental licensing entities, as appropriate, shall
9 adopt regulations as necessary to implement this section.

10 (q) (1) Neither the state governmental licensing entity, nor any
11 officer, employee, or agent, or former officer, employee, or agent
12 of a state governmental licensing entity, may disclose or use any
13 information obtained from the State Board of Equalization or the
14 Franchise Tax Board, pursuant to this section, except to inform
15 the public of the denial, refusal to renew, or suspension of a license
16 or the issuance of a temporary license pursuant to this section. The
17 release or other use of information received by a state governmental
18 licensing entity pursuant to this section, except as authorized by
19 this section, is punishable as a misdemeanor. This subdivision may
20 not be interpreted to prevent the State Bar of California from filing
21 a request with the Supreme Court of California to suspend a
22 member of the bar pursuant to this section.

23 (2) A suspension of, or refusal to renew, a license or issuance
24 of a temporary license pursuant to this section does not constitute
25 denial or discipline of a licensee for purposes of any reporting
26 requirements to the National Practitioner Data Bank *and shall not*
27 *be reported to the National Practitioner Data Bank or the*
28 *Healthcare Integrity and Protection Data Bank.*

29 (3) *Upon release from the certified list, the suspension or*
30 *revocation of the applicant's or licensee's license shall be purged*
31 *from the state governmental licensing entity's Internet Web site*
32 *or other publication within three business days.*

33 (r) If any provision of this section or the application thereof to
34 any person or circumstance is held invalid, that invalidity shall not
35 affect other provisions or applications of this section that can be
36 given effect without the invalid provision or application, and to
37 this end the provisions of this section are severable.

38 (s) All rights to review afforded by this section to an applicant
39 shall also be afforded to a licensee.

1 (t) Unless otherwise provided in this section, the policies,
2 practices, and procedures of a state governmental licensing entity
3 with respect to license suspensions under this section shall be the
4 same as those applicable with respect to suspensions pursuant to
5 Section 17520 of the Family Code.

6 (u) No provision of this section shall be interpreted to allow a
7 court to review and prevent the collection of taxes prior to the
8 payment of those taxes in violation of the California Constitution.

9 (v) This section shall apply to any licensee whose name appears
10 ~~on the lists~~ *a list* of the 500 largest tax delinquencies pursuant to
11 ~~Sections 7063 and Section 7063~~ *or* 19195 of the Revenue and
12 Taxation Code on or after July 1, 2012.

13 SEC. 4. Section 12419.13 is added to the Government Code,
14 to read:

15 12419.13. (a) (1) The Controller shall, upon execution of a
16 reciprocal agreement between the State Board of Equalization or
17 the Franchise Tax Board, and any other state imposing a sales and
18 use tax, an income tax, or tax measured by income, offset any
19 delinquent tax debt due to that other state from a person or entity,
20 against any refund under the Sales and Use Tax Law, the Personal
21 Income Tax Law, or the Corporation Tax Law owed to that person
22 or entity.

23 (2) Standards and procedures for submission of requests for
24 offsets shall be as prescribed by the Controller.

25 (3) Payment of the offset amount shall occur only after other
26 offset requests for debts owed by a person or entity to this state or
27 the federal government have been satisfied in accordance with the
28 priority established under Section 12419.3.

29 (b) The reciprocal agreement identified in subdivision (a) shall
30 prescribe the manner in which the administrative costs of the
31 Controller, the State Board of Equalization, and the Franchise Tax
32 Board shall be reimbursed.

33 SEC. 5. Section 10295.4 is added to the Public Contract Code,
34 to read:

35 10295.4. (a) Notwithstanding any other law, a state agency
36 shall not enter into any contract for the acquisition of goods or
37 services with a contractor whose name appears on either list of the
38 500 largest tax delinquencies pursuant to Section 7063 or 19195
39 of the Revenue and Taxation Code. Any contract entered into in
40 violation of this subdivision is void and unenforceable.

(b) This section shall apply to any contract executed on or after July 1, 2012.

SEC. 6. Section 6835 is added to the Revenue and Taxation Code, to read:

6835. (a) The board may enter into an agreement with the Internal Revenue Service or any other state imposing a sales and use tax, or a similar tax, for the purpose of collecting delinquent tax debts with respect to amounts assessed or imposed under this part, provided the agreements do not cause the net displacement of civil service employees. The agreement may provide, at the discretion of the board, the rate of payment and the manner in which compensation for services shall be paid.

(b) At the discretion of the board, the Internal Revenue Service or the other state collecting the tax debt pursuant to subdivision (a) may, as part of the collection process, refer the tax debt for litigation by its legal representatives in the name of the board.

(c) For purposes of this section, “displacement” includes layoff, demotion, involuntary transfer to a new class, involuntary transfer to a new location requiring a change of residence, and time base reductions. “Displacement” does not include changes in shifts or days off, nor does it include reassignment to any other position within the same class and general location.

SEC. 7. Article 9 (commencing with Section 6850) is added to Chapter 6 of Part 1 of Division 2 of the Revenue and Taxation Code, to read:

Article 9. Collection of Tax Debts Due to the Internal Revenue
Services or Other States

6850. (a) The board may enter into an agreement to collect any delinquent tax debt due to the Internal Revenue Service or any other state imposing a sales and use tax, or similar tax, if, pursuant to Section 6835, the Internal Revenue Service or such a state has entered into an agreement to collect delinquent tax debts due to the board.

(b) Upon written notice to the debtor from the board, any amount referred to the board under subdivision (a) shall be treated as final and due and payable to the State of California, and shall be collected from the debtor by the board in any manner authorized under the law for collection of a delinquent sales and use tax

1 liability, including, but not limited to, the recording of a notice of
2 state tax lien under Article 2 (commencing with Section 7170) of
3 Chapter 14 of Division 7 of Title 1 of the Government Code, and
4 the issuance of an order and levy under Article 4 (commencing
5 with Section 706.070) of Chapter 5 of Division 2 of Title 9 of Part
6 2 of the Code of Civil Procedure in the manner provided for
7 earnings withholding orders for taxes.

8 (c) This part shall apply to amounts referred under this section
9 in the same manner and with the same force and effect and to the
10 full extent as if the language of those laws had been incorporated
11 in full into this section, except to the extent that any provision is
12 either inconsistent with this section or is not relevant to this section.

13 (d) The activities required to implement and administer this
14 section shall not interfere with the primary mission of the board
15 to administer this part.

16 (e) In no event shall a collection under this section be construed
17 as a payment of sales and use taxes imposed under this part, or in
18 accordance with Part 1.5 (commencing with Section 7200), or Part
19 1.6 (commencing with Section 7251), of Division 2.

20 SEC. 8. Section 7057 is added to the Revenue and Taxation
21 Code, to read:

22 7057. (a) The board may disclose to state governmental
23 licensing entities identifying information of persons appearing on
24 the list of the 500 largest tax delinquencies pursuant to Section
25 7063 for purposes of administering Section 494.5 of the Business
26 and Professions Code.

27 (b) Neither the state governmental licensing entity, nor any
28 officer, employee, or agent, or former officer, employee, or agent
29 of a state governmental licensing entity, may disclose or use any
30 information obtained from the board pursuant to this section, except
31 to administer Section 494.5 of the Business and Professions Code
32 or to inform the public of the denial, refusal to renew, or suspension
33 of a license or the issuance of a temporary license pursuant to
34 Section 494.5 of the Business and Professions Code.

35 (c) For purposes of this section, state governmental licensing
36 entity means a state governmental licensing entity as defined in
37 Section 494.5 of the Business and Professions Code.

38 SEC. 9. Section 7057.5 is added to the Revenue and Taxation
39 Code, to read:

1 7057.5. (a) The board may disclose to state agencies
2 identifying information of persons appearing on the list of the 500
3 largest tax delinquencies pursuant to Section 7063 for purposes of
4 administering Section 10295.4 of the Public Contract Code.

5 (b) A state agency, and any officer, employee, or agent, or
6 former officer, employee, or agent of a state agency, shall not
7 disclose or use any information obtained from the board, pursuant
8 to this section, except to administer Section 10295.4 of the Public
9 Contract Code.

10 SEC. 10. Section 7063 of the Revenue and Taxation Code is
11 amended to read:

12 7063. (a) Notwithstanding any other provision of law, the
13 board shall make available as a matter of public record each quarter
14 a list of the 500 largest tax delinquencies in excess of one hundred
15 thousand dollars (\$100,000) under this part. For purposes of
16 compiling the list, a tax delinquency means an amount owed to
17 the board which is all of the following:

18 (1) Based on a determination made under Article 2 (commencing
19 with Section 6481) or Article 3 (commencing with Section 6511)
20 of Chapter 5 deemed final pursuant to Article 5 (commencing with
21 Section 6561) of Chapter 5, or that is “due and payable” under
22 Article 4 (commencing with Section 6536) of Chapter 5, or
23 self-assessed by the taxpayer.

24 (2) Recorded as a notice of state tax lien pursuant to Chapter
25 14 (commencing with Section 7150) of Division 7 of Title 1 of
26 the Government Code, in any county recorder’s office in this state.

27 (3) For an amount of tax delinquent for more than 90 days.

28 (b) For purposes of the list, a tax delinquency does not include
29 any of the following and may not be included on the list:

30 (1) A delinquency that is under litigation in a court of law.

31 (2) A delinquency for which payment arrangements have been
32 agreed to by both the taxpayer and the board and the taxpayer is
33 in compliance with the arrangement.

34 (3) A delinquency for which the taxpayer has filed for
35 bankruptcy protection pursuant to Title 11 of the United States
36 Code.

37 (c) Each quarterly list shall, with respect to each delinquency,
38 include all the following:

39 (1) The name of the person or persons liable for payment of the
40 tax and that person’s or persons’ last known address.

1 (2) The amount of tax delinquency as shown on the notice or
2 notices of state tax lien and any applicable interest or penalties,
3 less any amounts paid.

4 (3) The earliest date that a notice of state tax lien was filed.

5 (4) The type of tax that is delinquent.

6 (d) Prior to making a tax delinquency a matter of public record
7 as required by this section, the board shall provide a preliminary
8 written notice to the person or persons liable for the tax by certified
9 mail, return receipt requested. If within 30 days after issuance of
10 the notice, the person or persons do not remit the amount due or
11 make arrangements with the board for payment of the amount due,
12 the tax delinquency shall be included on the list.

13 (e) The quarterly list described in subdivision (a) shall include
14 the following:

15 (1) The telephone number and address of the board office to
16 contact if a person believes placement of his or her name on the
17 list is in error.

18 (2) The aggregate number of persons that have appeared on the
19 list who have satisfied their delinquencies in their entirety and the
20 dollar amounts, in the aggregate, that have been paid attributable
21 to those delinquencies.

22 (f) As promptly as feasible, but no later than 5 business days
23 from the occurrence of any of the following, the board shall remove
24 that taxpayer's name from the list of tax delinquencies:

25 (1) Tax delinquencies for which the person liable for the tax
26 has contacted the board and resolution of the delinquency has been
27 arranged.

28 (2) Tax delinquencies for which the board has verified that an
29 active bankruptcy proceeding has been initiated.

30 (3) Tax delinquencies for which the board has verified that a
31 bankruptcy proceeding has been completed and there are no assets
32 available with which to pay the delinquent amount or amounts.

33 (4) Tax delinquencies that the board has determined to be
34 uncollectible.

35 (g) A person whose delinquency appears on the quarterly list,
36 and who satisfies that delinquency in whole or in part, may request
37 the board to include in its quarterly list any payments that person
38 made to satisfy the delinquency. Upon receipt of that request, the
39 board shall include those payments on the list as promptly as
40 feasible.

(h) Notwithstanding subdivision (a), a person whose delinquency appeared on the quarterly list and whose name has been removed pursuant to paragraph (1) of subdivision (f) shall comply with the terms of the arranged resolution. If a person fails to do so, the board shall add that person's name to the list of delinquencies without providing the prior written notice required by subdivision (d).

SEC. 11. Section 19195 of the Revenue and Taxation Code is amended to read:

19195. (a) Notwithstanding any other provision of law, including Section 6254.21 of the Government Code, the Franchise Tax Board shall make available as a matter of public record at least twice each calendar year a list of the 500 largest tax delinquencies in excess of one hundred thousand dollars (\$100,000) under Part 10 and Part 11 of this division. For purposes of compiling the list, a tax delinquency means the total amount owed by a taxpayer to the State of California for which a notice of state tax lien has been recorded in any county recorder's office in this state, pursuant to Chapter 14 (commencing with Section 7150) of Division 7 of Title 1 of the Government Code.

(b) For purposes of the list, a tax delinquency does not include any of the following and may not be included on the list:

(1) A delinquency for which payment arrangements have been agreed to by both the taxpayer and the Franchise Tax Board and the taxpayer is in compliance with the arrangement.

(2) A delinquency for which the taxpayer has filed for bankruptcy protection pursuant to Title 11 of the United States Code.

(3) A delinquency for which the person or persons liable for the tax have contacted the Franchise Tax Board and for which resolution of the tax delinquency has been accepted by the Franchise Tax Board.

(c) Each list shall, with respect to each delinquency, include all the following:

(1) The name of the person or persons liable for payment of the tax and that person's or persons' address.

(2) The amount of tax delinquency as shown on the notice or notices of state tax lien and any applicable interest or penalties, less any amounts paid.

(3) The earliest date that a notice of state tax lien was filed.

1 (4) The type of tax that is delinquent.

2 (5) The type, status, and license number of any occupational or
3 professional license held by the person or persons liable for
4 payment of the tax.

5 (6) The names and titles of the principal officers of the person
6 liable for payment of the tax if that person is a limited liability
7 company or corporation. The Franchise Tax Board shall refer to
8 the limited liability company's or the corporation's Statement of
9 Information filed with the Secretary of State or to the limited
10 liability company's or the corporation's tax return filed pursuant
11 to this part to determine the principal officers of the limited liability
12 company or corporation. Principal officers appearing on a list
13 solely pursuant to this paragraph shall not be subject to Section
14 494.5 of the Business and Professions Code, or Section 10295.4
15 of the Public Contract Code.

16 (d) Prior to making a tax delinquency a matter of public record
17 as required by this section, the Franchise Tax Board shall provide
18 a preliminary written notice to the person or persons liable for the
19 tax by certified mail, return receipt requested. If within 30 days
20 after issuance of the notice, the person or persons do not remit the
21 amount due or make arrangements with the Franchise Tax Board
22 for payment of the amount due, the tax delinquency shall be
23 included on the list.

24 (e) The list described in subdivision (a) shall include the
25 following:

26 (1) The telephone number and address of the Franchise Tax
27 Board office to contact if a person believes placement of his or
28 her name on the list is in error.

29 (2) The aggregate number of persons that have appeared on the
30 list who have satisfied their delinquencies in their entirety and the
31 dollar amounts, in the aggregate, that have been paid attributable
32 to those delinquencies.

33 (f) As promptly as feasible, but no later than five business days
34 from the occurrence of any of the following, the Franchise Tax
35 Board shall remove that taxpayer's name from the list of tax
36 delinquencies:

37 (1) Tax delinquencies for which the person liable for the tax
38 has contacted the Franchise Tax Board and resolution of the
39 delinquency has been arranged.

1 (2) Tax delinquencies for which the Franchise Tax Board has
2 verified that an active bankruptcy proceeding has been initiated.

3 (3) Tax delinquencies for which the Franchise Tax Board has
4 verified that a bankruptcy proceeding has been completed and
5 there are no assets available with which to pay the delinquent
6 amount or amounts.

7 (4) Tax delinquencies that the Franchise Tax Board has
8 determined to be uncollectible.

9 (g) A person whose delinquency appears on the list, and who
10 satisfies that delinquency in whole or in part, may request the
11 Franchise Tax Board to include in its list any payments that person
12 made to satisfy the delinquency. Upon receipt of that request, the
13 Franchise Tax Board shall include those payments on the list as
14 promptly as feasible.

15 (h) Notwithstanding subdivision (a), a person whose delinquency
16 appeared on the list and whose name has been removed pursuant
17 to paragraph (1) of subdivision (f) shall comply with the terms of
18 the arranged resolution. If the person fails to do so, the Franchise
19 Tax Board may add that person's name to the list of delinquencies
20 without providing the prior written notice otherwise required by
21 subdivision (d).

22 SEC. 12. Article 7 (commencing with Section 19291) is added
23 to Chapter 5 of Part 10.2 of Division 2 of the Revenue and Taxation
24 Code, to read:

25
26 Article 7. Collection of Tax Debts Due to the Internal Revenue
27 Service or Other States
28

29 19291. (a) The Franchise Tax Board may enter into an
30 agreement to collect any delinquent tax debt due to the Internal
31 Revenue Service or any other state imposing an income tax or tax
32 measured by income if, pursuant to Section 19377.5, the Internal
33 Revenue Service or that state has entered into an agreement to
34 collect delinquent tax debts due the Franchise Tax Board.

35 (b) Upon written notice to the debtor from the Franchise Tax
36 Board, any amount referred to the Franchise Tax Board under
37 subdivision (a) shall be treated as final and due and payable to the
38 State of California, and shall be collected from the debtor by the
39 Franchise Tax Board in any manner authorized under the law for
40 collection of a delinquent income tax liability, including, but not

1 limited to, the recording of a notice of state tax lien under Article
2 2 (commencing with Section 7170) of Chapter 14 of Division 7
3 of Title 1 of the Government Code, and the issuance of an order
4 and levy under Article 4 (commencing with Section 706.070) of
5 Chapter 5 of Division 2 of Title 9 of Part 2 of the Code of Civil
6 Procedure in the manner provided for earnings withholding orders
7 for taxes.

8 (c) Part 10 (commencing with Section 17001), this part, Part
9 10.7 (commencing with Section 21001), and Part 11 (commencing
10 with Section 23001) shall apply to amounts referred under this
11 section in the same manner and with the same force and effect and
12 to the full extent as if the language of those laws had been
13 incorporated in full into this section, except to the extent that any
14 provision is either inconsistent with this section or is not relevant
15 to this section.

16 (d) The activities required to implement and administer this
17 section shall not interfere with the primary mission of the Franchise
18 Tax Board to administer Part 10 (commencing with Section 17001)
19 and Part 11 (commencing with Section 23001).

20 (e) In no event shall a collection under this section be construed
21 as a payment of income taxes imposed under Part 10 (commencing
22 with Section 17001) or Part 11 (commencing with Section 23001).

23 SEC. 13. Section 19377.5 is added to the Revenue and Taxation
24 Code, to read:

25 19377.5. (a) The Franchise Tax Board may enter into an
26 agreement with the Internal Revenue Service or any other state
27 imposing an income tax or tax measured by income for the purpose
28 of collecting delinquent tax debts with respect to amounts assessed
29 or imposed under Part 10 (commencing with Section 17001), this
30 part, or Part 11 (commencing with Section 23001), provided the
31 agreements do not cause the net displacement of civil service
32 employees. The agreement may provide, at the discretion of the
33 Franchise Tax Board, the rate of payment and the manner in which
34 compensation for services shall be paid.

35 (b) At the discretion of the Franchise Tax Board, the Internal
36 Revenue Service or the other state collecting the tax debt pursuant
37 to subdivision (a) may, as part of the collection process, refer the
38 tax debt for litigation by its legal representatives in the name of
39 the Franchise Tax Board.

(c) For purposes of this section, “displacement” includes layoff, demotion, involuntary transfer to a new class, involuntary transfer to a new location requiring a change of residence, and time base reductions. “Displacement” does not include changes in shifts or days off, nor does it include reassignment to any other position within the same class and general location.

SEC. 14. Section 19533 of the Revenue and Taxation Code is amended to read:

19533. In the event the debtor has more than one debt being collected by the Franchise Tax Board and the amount collected by the Franchise Tax Board is insufficient to satisfy the total amount owing, the amount collected shall be applied in the following priority:

(a) Payment of any delinquencies transferred for collection under Article 5 (commencing with Section 19270) of Chapter 5.

(b) Payment of any taxes, additions to tax, penalties, interest, fees, or other amounts due and payable under Part 7.5 (commencing with Section 13201), Part 10 (commencing with Section 17001), Part 11 (commencing with Section 23001), or this part, and amounts authorized to be collected under Section 19722.

(c) Payment of delinquent wages collected pursuant to the Labor Code.

(d) Payment of delinquencies collected under Section 10878.

(e) Payment of any amounts due that are referred for collection under Article 5.5 (commencing with Section 19280) of Chapter 5.

(f) Payment of any amounts that are referred for collection pursuant to Section 62.9 of the Labor Code.

(g) Payment of delinquent penalties collected for the Department of Industrial Relations pursuant to the Labor Code.

(h) Payment of delinquent fees collected for the Department of Industrial Relations pursuant to the Labor Code.

(i) Payment of delinquencies referred by the Student Aid Commission.

(j) Payment of any delinquencies referred for collection under Article 7 (commencing with Section 19291) of Chapter 5.

(k) Notwithstanding the payment priority established by this section, voluntary payments designated by the taxpayer as payment for a personal income tax liability or as a payment on amounts

1 authorized to be collected under Section 19722, shall not be applied
2 pursuant to this priority, but shall instead be applied as designated.

3 SEC. 15. Section 19571 is added to the Revenue and Taxation
4 Code, to read:

5 19571. (a) The Franchise Tax Board may disclose to state
6 governmental licensing entities identifying information of persons
7 appearing on the list of 500 largest tax delinquencies pursuant to
8 Section 19195 for purposes of administering Section 494.5 of the
9 Business and Professions Code.

10 (b) Neither the state governmental licensing entity, nor any
11 officer, employee, or agent, or former officer, employee, or agent
12 of a state governmental licensing entity, may disclose or use any
13 information obtained from the Franchise Tax Board pursuant to
14 this section, except to administer Section 494.5 of the Business
15 and Professions Code or to inform the public of the denial, refusal
16 to renew, or suspension of a license or the issuance of a temporary
17 license pursuant to Section 494.5 of the Business and Professions
18 Code.

19 (c) For purposes of this section, state governmental licensing
20 entity means a state governmental licensing entity as defined in
21 Section 494.5 of the Business and Professions Code.

22 SEC. 16. Section 19572 is added to the Revenue and Taxation
23 Code, to read:

24 19572. (a) The Franchise Tax Board may disclose to state
25 agencies identifying information of persons appearing on the list
26 of the 500 largest tax delinquencies pursuant to Section 19195 for
27 purposes of administering Section 10295.4 of the Public Contract
28 Code.

29 (b) A state agency, and any officer, employee, or agent, or
30 former officer, employee, or agent of a state agency, shall not
31 disclose or use any information obtained from the Franchise Tax
32 Board, pursuant to this section, except to administer Section
33 10295.4 of Public Contract Code.

34 SEC. 17. Section 34623.1 is added to the Vehicle Code, to
35 read:

36 34623.1. The motor carrier permit of a licensee may be
37 suspended pursuant to Section 494.5 of the Business and
38 Professions Code if a licensee's name is included on a certified
39 list of tax delinquencies provided by the State Board of

1 Equalization or the Franchise Tax Board pursuant to Section 7063
2 or Section 19195, respectively of the Revenue and Taxation Code.
3 SEC. 18. No reimbursement is required by this act pursuant to
4 Section 6 of Article XIII B of the California Constitution because
5 a local agency or school district has the authority to levy service
6 charges, fees, or assessments sufficient to pay for the program or
7 level of service mandated by this act or because costs that may be
8 incurred by a local agency or school district will be incurred
9 because this act creates a new crime or infraction, eliminates a
10 crime or infraction, or changes the penalty for a crime or infraction,
11 within the meaning of Section 17556 of the Government Code, or
12 changes the definition of a crime within the meaning of Section 6
13 of Article XIII B of the California Constitution.